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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

I. THE COMMUNIST BLOC

USSR - East Germany: Several recent East German actions may put some strain on relations with the Soviet Union. Khrushchev is annoyed with Ulbricht, especially because of a telegram the East German leader sent to Mao Tse-tung in answer to the latter's greeting on the occasion of East Germany's tenth anniversary, [redacted]

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[redacted] East German politburo member Hermann Matern, at the Chinese Communist tenth anniversary celebrations, commented favorably on the communes. In September, Premier Grotewohl publicly backed the Chinese Communist rather than the Soviet position on the Chinese-Indian border dispute. [redacted]

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USSR-Finland: Soviet Deputy Premier Mikoyan, in Helsinki for the signing of a new Soviet-Finnish five-year trade agreement and the opening of the Soviet Industrial Fair, said at a press conference on 22 October that the USSR regards West European economic groupings as "remnants of the cold-war era." Mikoyan's statements following earlier unofficial warnings from Moscow will almost certainly preclude formal Finnish membership in the projected little-free-trade area, the "Outer Seven," but apparently would not rule out informal arrangements between Finland and member countries. [redacted]

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II. ASIA-AFRICA



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India - Communist China: New Delhi issued a statement on 23 October "strongly" protesting a border clash on 21 October, in which 17 Indians were reported killed, as an incursion well inside Indian territory. The incident occurred in an area of Ladakh in eastern Kashmir claimed by both governments. The Indian spokesman said New Delhi had rejected a Chinese protest claiming the Indians had entered Chinese territory and opened fire on a Chinese patrol. This incident--the first on the border since 26 August--probably was not intended as a provocation, in view of the fact that both governments have been trying to prepare the way for negotiations on the border dispute. The clash is likely to have the effect of deferring any immediate moves in this direction.

*Peiping on 23 October published its version of the incident, claiming in a relatively mild statement that Chinese frontier guards had been "compelled" to fire in self-defense. In its protest to New Delhi on 22 October, Peiping asked that measures be taken at once to prevent the recurrence of any "violation of Chinese frontiers." [redacted] (Map)

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III. THE WEST

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Italy-USSR: President Gronchi will probably accept a Soviet invitation to make an official trip to Moscow in the near future. In sounding out the Italians, the USSR has tried to ensure that Khrushchev will be invited to visit Italy. Premier Segni and other cabinet members want to leave the question open. They fear that such a visit would have a bad effect on local elections scheduled for next spring. [redacted]

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Cuba: Reacting with characteristic demagoguery and violence to new evidence of opposition to his regime, Fidel Castro has again sought to enhance his mass support by strong attacks on the United States. In a TV speech on 22-23 October, he accused the US Government of permitting anti-Castro activities and referred scathingly to the presence of the US naval base at Guantanamo Bay. Castro's treatment of Major Huber Matos is causing "deep shock" in the revolutionary stronghold of Santiago de Cuba, according to the American Consulate there. [redacted]

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I. THE COMMUNIST BLOC

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Ulbricht-Khrushchev Relations Reportedly Strained

 [redacted]

[East German attitudes favoring Communist China appear to be straining relations between Khrushchev and East German party boss Ulbricht. [redacted]

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[redacted] the Soviet leader is annoyed with Ulbricht, especially because of a telegram--the contents of which are not known--he sent to Mao Tse-tung in answer to the latter's greeting on the occasion of East Germany's tenth anniversary.]

[Other East German actions may have contributed to Khrushchev's misgivings. For example, East German politburo member Hermann Matern, at Peiping's tenth anniversary celebrations, commented favorably on the communes, and Premier Grotewohl in late September publicly backed the position taken by Peiping rather than taking the neutral Soviet view on the Chinese-Indian border dispute.]

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[Khrushchev may also have been irritated by the raising of the new East German flag over elevated rail stations in West Berlin, which [redacted] was a unilateral East German action. [redacted] a low-level functionary had ordered the flag-raising and that the strong reaction to this incident made repetition unlikely.]

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[Ulbricht is also reported to believe, despite assurances from Khrushchev, that the Soviet leader may have been too conciliatory during his meeting with President Eisenhower. Ulbricht fears that more than just tactical concessions were made at the expense of his position and of East German prestige. He plans to go to Moscow soon for talks with Khrushchev. [redacted]

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[redacted]

Mikoyan in Finland

Moscow is using Soviet Deputy Premier Mikoyan's current visit to Finland to condemn European economic integration and to warn Finland officially against participation in the projected seven-nation little-free-trade area (LFTA). Mikoyan, in Helsinki for the signing of a new Soviet-Finnish five-year trade agreement and the opening of the Soviet Industrial Fair, said at a press conference on 22 October that the USSR regards the Western European economic groupings as "remnants of the cold-war era." He expressed confidence that Finland--the USSR's "most important West European trade partner"--would reach an "advantageous decision" concerning its links with the LFTA.

Previous unofficial warnings from the USSR caused the Finns to adopt a cautious wait-and-see attitude toward the projected LFTA. Mikoyan's explicit warning will definitely preclude any direct Finnish membership. Nevertheless, the Finns, concerned over the competitive position of their exports in Western European markets, may seek to preserve their position by making informal arrangements with the member countries.

The new Finnish-Soviet long-term trade agreement for 1961-65, signed by Mikoyan on 22 October, calls for Finnish exports valued at \$789,000,000--one third of which will be in ships--and imports at \$756,000,000. This represents a 2.5-percent annual increase in trade between the two countries but is less than the over-all increase in Finland's foreign trade. The exact amount of Finland's petroleum imports under the agreement is not known. The Finns, however, rejected a Soviet demand to supply all of their crude oil requirements and instead proposed that two thirds come from the USSR.

Mikoyan's visit will last a week or ten days, according to Finnish officials, and will include a tour of the country and the launching of an icebreaker built by Finland for the USSR. A private dinner and informal conversations with Finnish President Kekkonen are also scheduled. [REDACTED]

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Indian and Chinese Communist Border Forces Clash in Ladakh

Ill feeling between India and Communist China over their border dispute is likely to hit a new peak as a result of another serious clash in the Ladakh area of Kashmir. The latest incident occurred on 21 October about 45 miles inside the generally recognized border between western Tibet and Ladakh, about at the point where the boundary claimed by Peiping slices off the north-eastern corner of Ladakh.

New Delhi on 23 October issued an official statement "strongly" protesting the incident as an intrusion into Indian territory. The communiqué stated that 17 Indian border guards were killed and three seriously injured when their unit suddenly came under heavy fire--including mortars and grenades--from Chinese troops in a mountain position. The Indian spokesman said New Delhi had rejected a Chinese protest claiming the Indians had entered Chinese territory. Peiping also published its version of the incident on 23 October, claiming in a relatively mild statement that Chinese frontier guards had been "compelled" to fire in self-defense. In its official protest on 22 October, Peiping asked that measures be taken at once to prevent the recurrence of any "violation of Chinese frontiers."

This incident is the first serious border clash since 26 August. While the most publicized Himalayan frontier clashes have occurred about a thousand miles east along the McMahon line in Assam, Ladakh was the scene of several incidents during the summers of 1958 and 1959 which were protested by New Delhi. Prime Minister Nehru, though demanding Chinese withdrawal from outposts on the Indian side of the "traditional" frontier as a condition for negotiations on the border dispute, has left the Indian position on northeastern Ladakh purposefully vague.

While Peiping's definition of the "traditional boundary" is equally vague, the Chinese deny Indian claims as the legacy of "British aggression" and insist New Delhi should respect the "status quo," which would leave the Chinese occupying the disputed corner of Ladakh.

The latest incident probably was not intended by either side as a provocation, in view of the fact both governments have been

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trying to ease tension and prepare the way for diplomatic discussions. Nehru on 8 October said his government would undertake no military operations "at this stage," while efforts to resolve the dispute were under way on the political level. [REDACTED]

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[REDACTED] However, the Ladakh incident and new exchange of protests is likely to harden Indian public and official attitudes, thus making it even more difficult to create the "proper atmosphere" which Mao has said is necessary for negotiations. [REDACTED]

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III. THE WEST

Italian President Gronchi Likely to Visit the USSR

A Soviet official on 14 October made preliminary inquiries as to whether Italian President Gronchi would accept an invitation from Khrushchev to pay an official visit to the USSR late in November. The Italian cabinet wished to postpone a decision on advice to Gronchi until next week after the conclusion of the Christian Democratic party's national congress, but a leak of the news by Moscow necessitated an advance, semiofficial announcement of the soundings on 21 October.

The Italian official said the cabinet is almost certain to recommend acceptance by Gronchi, who presumably is eager to go. However, Premier Segni, Finance Minister Taviani, and former Premier and ex-Christian Democratic party secretary Fanfani are said to be opposed for domestic political reasons. The chief point for cabinet consideration appears to be the terms of a return visit by Khrushchev, which the USSR wants to make definite. Segni and Foreign Minister Pella wish to leave this question open, fearing an adverse impact on next spring's municipal and provincial elections.

The Soviet inquiry regarding Gronchi's visit was made to Italian Foreign Trade Minister Del Bo, who is currently in Moscow to discuss expansion of Italian-Soviet trade. The USSR has requested additional lira credits, and the Italian Government seems inclined to grant them. This year Moscow has ordered about \$60,000,000 worth of Italian chemical equipment, half of which is to be supplied on government-guaranteed credits of at least one year's duration. The USSR may press Gronchi, in the course of his visit, to commit his government to expand the amount of such guarantees and extend repayment periods to five years.

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Cuba

Fidel Castro's latest tirade against his opponents--a television speech on 22-23 October--indicates an increasingly emotional attitude and tendency to appeal for mass demonstrations of support from the lower classes. The Cuban premier said he did not believe accusations made against Communist regimes since they were the same charges leveled against the revolution he leads; he said he did not care if his movement was labeled Communist.

His violent attacks on the US for allegedly permitting activities directed against him, such as the leaflet-dropping flights on 22 October over Havana, and his references to the great strength of the US naval base at Guantanamo probably presage intensified attempts to blame Cuba's troubles on Washington. Castro called for a demonstration against such "air attacks" by one million Cubans in Havana on 26 October.

In his attempts to malign Huber Matos, the respected former military governor of Camaguiy Province who broke with him over Communist influence in the regime, Castro said that Matos' "self-sought" popularity and revolutionary ties made him a desirable recruit of "big interests," a term now often equated in Cuba with US business or the American press. The US Consulate in Santiago de Cuba reports that Matos' denigration is causing "deep shock and soul searching" in that revolutionary stronghold, where Matos was regarded as a loyal, anti-Communist officer and a symbol of the best in the revolution.

Charging the US with attempts to keep Cuba defenseless against its enemies by blocking purchases of military equipment such as British jet aircraft, Castro said that the workers and peasants now are Cuba's main force and that they must be armed. Earlier this year Cuban Communists proposed that a people's armed militia be organized, and extremist government officials now controlling labor and agrarian reform may respond to Castro's declaration by creating such a militia with help from Raul Castro, the leftist minister of revolutionary armed forces.

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